

**INVESTIGATIVE
REPORT BY THE
STATE AUDITOR
OF CALIFORNIA**

**INVESTIGATIVE ACTIVITY REPORT AND
PUBLIC REPORTS OF INVESTIGATIONS
COMPLETED BY THE BUREAU OF STATE AUDITS
FROM MAY 7 THROUGH DECEMBER 31, 1993**



CALIFORNIA STATE AUDITOR
BUREAU OF STATE AUDITS

KURT R. SJOBERG
State Auditor

MARIANNE P. EVASHENK
Chief Deputy State Auditor

February 2, 1994

I94-1

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

Pursuant to the Reporting of Improper Governmental Activities Act, the Bureau of State Audits presents its report concerning its investigative activity. This report provides statistics on calls received on the "whistleblower" hotline since it was reactivated on July 21, 1993. The report also provides statistics on the number of investigations begun and completed since the Bureau of State Audits was established by law on May 7, 1993. Finally, the report summarizes the results of 16 completed investigations that substantiated allegations of improper governmental activity.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kurt Sjoberg", is written over the typed name and title.

KURT R. SJOBERG
State Auditor

I94-1, February 1994

California State Auditor
Bureau of State Audits

Table of Contents

Introduction	1
Chapters	
1	Activity Report
	3
2	Public Reports of Investigations Completed by the Bureau of State Audits from May 7 through December 31, 1993
	7
	Department of Forestry and Fire Protection
	7
	Judicial Council of California
	15
	Department of Corrections
	19
	Department of Alcohol and Drug Programs
	21
	Department of Developmental Services
	23
	Department of Motor Vehicles
	25
	Department of Corrections
	27
	Department of Consumer Affairs
	29
	Franchise Tax Board
	31
	Department of Motor Vehicles
	33
	Department of Health Services
	35
	Department of Transportation
	37
	Department of Motor Vehicles
	39
	Employment Development Department
	41
	Department of Consumer Affairs
	43

Department of Transportation 45

Index 47

Introduction

The Reporting of Improper Governmental Activities Act

The Bureau of State Audits, formerly known as the Office of the Auditor General, reactivated the State's "whistleblower" hotline on July 21, 1993. The hotline enables state employees and the public to report improper governmental activities. The Reporting of Improper Governmental Activities Act (act) is contained in Section 8547 et seq., of the California Government Code. The act defines an improper governmental activity as any activity by a state agency or by a state employee undertaken during the performance of the employee's official duties that violates any state or federal law or regulation, that is economically wasteful, or that involves gross misconduct, incompetence, or inefficiency. The "whistleblower" hotline number is (800) 952-5665.

Protection for Whistleblowers

The act protects the identity of individuals who, under the act's provisions, allege improper governmental activities. The act prohibits state employees from intimidating, threatening, coercing, commanding, or attempting to intimidate, threaten, coerce, or command any person for the purpose of interfering with the right of that person to disclose to the State Auditor matters within the scope of the act. Moreover, the act specifically prohibits any acts of reprisal, retaliation, threat, coercion, or similar acts against a state employee for having disclosed improper governmental activities.

Investigations of Improper Activities

The act states that the State Auditor may conduct an investigation upon receiving specific information that any employee or state agency has engaged in an improper governmental activity. The act also specifies that the State Auditor may request the assistance of any state department, agency, or employee in conducting any investigation. However, it is important to note that both Sections 8545.1 and 8547.6 of the Government Code prohibit any agency, department, or employee from divulging any information obtained as a result of the request or any information obtained thereafter as a result of further investigation without the permission of the State Auditor. These provisions protect the identity of the complainant and the reputations of individuals who have been accused of improper governmental activity should the allegations not be substantiated.

If, after investigating the allegations, the State Auditor determines there is reasonable evidence to believe an employee or state agency has engaged in any improper governmental activity, the Bureau of State Audits reports the nature and details of the activity to the head of the employing agency, or the appropriate appointing authority. The employing agency or the appropriate appointing authority is required to report any corrective action, including disciplinary action, it takes as a result of the report to the State Auditor no later than 30 days after the date of the State Auditor's report. If the entity has not completed its corrective action within 30 days, it must report to the State Auditor monthly until final action has been taken.

All investigative audits must be kept confidential, except that, when the State Auditor deems that issuing the report is necessary to serve the interests of the State, the State Auditor may publicly issue any report of an investigation that has been substantiated, keeping confidential the identity of the individual or individuals involved.

This report provides statistics on the complaints and the disposition of those complaints this office has received since the reactivation of the hotline in July 1993. In addition, this report summarizes the results of those investigations that substantiated the complaints.

Chapter 1

Activity Report

Complaints Received by the Bureau of State Audits

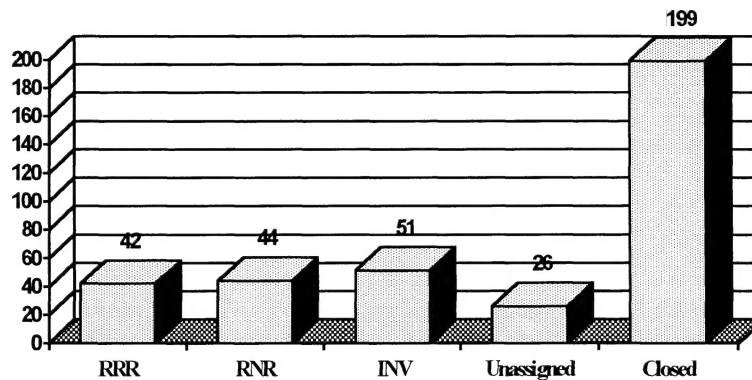
Since July 21, 1993, the Investigations Unit has received 1,997 calls on the whistleblower hotline. Of these calls, 1,288 (64.5 percent) were about issues outside the jurisdiction of the Reporting of Improper Governmental Activities Act (act) or were not complaints at all, but requests for information. In these cases, we attempted to give the caller the telephone number of the appropriate entity. Specifically, we referred 1,110 (55.5 percent) of all calls received to other state agencies, 107 (5.4 percent) of the calls to local agencies, and 71 (3.6 percent) of the calls to federal agencies. For 212 (10.6 percent) of the calls received, we established case files. Finally, 497 (25.0 percent) of the calls concerned complaints for which we had already established case files. These calls came from either the original complainants or additional complainants.

In addition to cases opened based on calls received over the hotline, we opened 57 cases based on complaints received through the mail and 5 cases based on information provided by individuals who visited us at our office, for a total of 274 case files opened from May 7, 1993, through December 31, 1993.

Upon review of the information provided, we assess whether sufficient evidence of wrongdoing exists to mount an investigation. In 44 cases, we concluded that there was not enough evidence of improper governmental activity for us to mount an investigation, but there was sufficient evidence of activities that may be of concern to the departments. In these 44 cases, we referred the details of the complaint to the departments for their information, keeping the identity of the complainants confidential. Chart 1 shows the disposition of the 274 case files opened from May 7, 1993, through December 31, 1993.

Chart 1 Disposition of Cases Opened

RRR	RNR	INV	Unassigned	Closed
42	44	51	26	199*



RRR = cases referred to agency, response required.

RNR = cases referred to agency, no response required and closed.

INV = cases assigned to State Auditor's investigator.

Unassigned = cases not assigned or disposition has not been assigned.

*Closed includes all RNR, 29 RRR, 15 INV cases, and 111 cases closed because there was insufficient evidence of wrongdoing to either initiate an investigation or notify the departments.

Investigations From May 7 through December 31, 1993, we began 93 investigations and completed 54. Of the 54 completed investigations, 17 (31.5 percent) substantiated complaints. One of the substantiated complaints involved employees of the University of California, San Diego. The investigation substantiated allegations that the employees falsified payroll documents. The investigation also found that the employees misappropriated more than \$12,680 in state and local funds for their personal profit and participated in other improper activities such as conspiring to submit false claims for mileage reimbursement. Further, one of the two employees engaged in conflict-of-interest practices and established a secret, unauthorized bank account. We issued the results of this investigation in a public report on January 11, 1994 (report number I930108).

Chapter 2 of this report summarizes the 16 other investigations that substantiated allegations of improper governmental activity. Included in the 16 investigations were 7 investigations concerning the misuse of state telephones. Of these seven investigations, two involved employees

placing personal, long-distance calls at the State's expense. The others involved using state telephones and time for personal profit. Two other investigations also involved misuse of state time. In addition, one investigation substantiated improper disposal of confidential material, two substantiated wasteful spending, two substantiated misuse of state vehicles, and one substantiated falsification of time sheets.

Chapter 2

Public Reports of Investigations Completed by the Bureau of State Audits From May 7 Through December 31, 1993

Department of Forestry and Fire Protection, Allegation I930061

An employee of the Department of Forestry and Fire Protection's (department) Baseline Conservation Camp wasted state funds by taking unnecessary trips to other conservation camps. This employee also authorized unnecessary and expensive expenditures for the conservation camp. Finally, the purchasing procedures followed at the Baseline Conservation Camp are improper.

Results of Investigation

We substantiated the allegations. To verify the accuracy of the travel allegation, we reviewed the travel expense claims and time sheets for the employee from December 1991 through September 1993. We also determined the purposes of this employee's trips during this period by reviewing documents at the Baseline Conservation Camp and other camps and interviewing department staff. For the allegations regarding camp expenditures and purchasing procedures, we reviewed purchasing records for various camp projects during fiscal year 1992-93. Also, to determine if adequate accounting and administrative controls exist, we reviewed the purchasing system the camp used. Moreover, we visited one vendor to review its records of sales to the conservation camp. In addition, we reviewed the purchasing system that the camp used. We reviewed relevant state laws and the State Administrative Manual. Finally, we interviewed various department officials, including the employee.

Allegation of Unnecessary Travel: We found the employee wasted state funds for unnecessary trips to other conservation camps. Specifically, this employee traveled unnecessarily on five different trips from December 1991 through September 1993. We discuss why we found these trips unnecessary starting on page 8. The State paid \$4,789 for these five trips, including \$1,275 in direct travel costs and \$3,514 in labor costs. Direct travel costs are per diem expenses for lodging and meals, incidental expenses, and mileage reimbursement for the employee's personal vehicle. We calculated the labor costs using the employee's time sheets and the employee's hourly rate for straight

time and overtime. In addition to the \$4,789, the department supplied a state vehicle for three of the five trips. We did not include costs related to the state vehicles. The following table summarizes the information on the unnecessary trips:

**Table 1 Unnecessary Trips by
Department Employee**

Date of Trip	Labor Costs	Travel Costs	Total Cost
December 1991	\$1,030	\$269	\$1,299
February 1992	489	76	565
June 1993	665	513	1,178
July 1993	665	250	915
September 1993	665	167	832
Totals	\$3,514	\$1,275	\$4,789

The purpose of the December 1991 trip was to promote the employee's camp products to three other camps. The department paid \$1,299 for four days of travel and labor costs, including ten hours of overtime. The employee received compensating-time-off credit for this overtime at the rate of one and one-half the straight-time rate. In addition, the department supplied a state vehicle for the trip. According to the employee, his camp sells approximately \$10,000 worth of camp products annually. We found the trip was unnecessary because the promotion of camp products could have been conducted by telephone at nominal costs. The department has a catalog of various camp products that the various camps produce. If a camp needs the products from the employee's camp, the other camp can order the products using the catalog and then calling to request the products. Also, Section 700 of the State Administrative Manual states that the general policy of the State is to use travel when personal contact is the most economical way of conducting official business. Further, according to department policy, the production of camp products is not a primary activity of the conservation camps. In addition, the camps are supposed to sell their products at cost, not including promotional costs. As a result, we believe these travel costs of \$1,299 are not merited. The cost of this one trip represents approximately 13 percent of the annual sales of camp products.

The employee stated that the purpose of the February 1992 trip was to pick up camp products from another camp and to look at products at yet another camp. The cost of this trip was \$565 for labor and travel. In addition, the department provided a state vehicle for the trip. We

found the trip was unnecessary because the products to be picked up were unavailable. Further, the employee's examination of the camp products could have been conducted by other, less expensive means, such as reviewing the department's catalog or obtaining photographs from the camp via mail.

The purpose of the June 1993 trip was to take photographs of various signs at three other camps and order lumber for a new sign. The employee will use the photographs as a guide when he replaces the existing entrance sign at his camp with a larger sign. The cost of the trip was \$1,178, including three days of labor and travel expenses of \$513. The travel expenses included \$322 for mileage reimbursement for 1,040 miles traveled in a personal vehicle. We found the trip was unnecessary because the other camps could have supplied the photographs to the employee at nominal costs to the State. Further, the employee's camp already has an adequate sign at the entrance to the camp. The camp is not difficult to locate since it is at the end of a dead-end street. Finally, the employee could have ordered the lumber over the telephone. The following is a photograph of the existing sign at the entrance to the camp.

Photograph 1 Existing Entrance Sign to the Baseline Conservation Camp



The purpose of the July 1993 trip was to pick up a used air conditioner from another camp. This air conditioner was to be used for the employee's office at the camp. The cost of the trip was \$915, including \$665 for 24 hours of labor and \$250 for travel. The travel expenses included reimbursement of \$161 for 520 miles traveled in a personal vehicle -- a housecar. We found this trip was unnecessary because the cost of the trip was more expensive than the cost of an air conditioner. Further, the employee described the trip as a waste of time because the air conditioner was in poor condition.

Finally, the last trip in September 1993 was to pick up redwood lumber for the new entrance sign for the employee's camp. The cost of this trip was \$832, including \$665 for 24 hours of labor and \$167 for travel. In addition, the department provided a flatbed truck to transport the lumber. We found this trip was unnecessary. As we discussed previously for the July 1993 trip, the camp already has an adequate sign at the entrance to the camp. The June and September 1993 trips to photograph the signs and pick up the lumber cost more than \$2,000. As of November 12, 1993, the sign had not yet been constructed.

In addition to the unnecessary trip, the employee submitted misleading travel expense claims for three of the five trips. The employee stated on three of the five claims that the purpose of the trips was to pick up and deliver camp products. However, the employee actually did not pick up or deliver products. Instead, the employee promoted his camp products, took photographs, ordered lumber, and picked up a used air conditioner.

In addition, we received a number of allegations that the real reason for these trips was to visit relatives living in the area. Although we were unable to determine whether this was the reason for the trips, we confirmed that the employee had relatives living in the vicinity of the camps visited.

Allegation on Unnecessary and Expensive Projects: We also found that the employee authorized the construction of a barbecue area for the camp at an excessive cost. We believe that a cheaper alternative should have been selected. The camp constructed the barbecue in 1992 and 1993. The barbecue area is 18 feet long and 16 feet wide. The entire barbecue area is covered by a roof. In the barbecue area, there are two counter areas. The cooking counter, consisting of a gas grill and a barbecue, is approximately 12 feet long and 4-1/2 feet wide. The other counter is a serving counter that is nearly 15 feet long. The following photograph shows the barbecue area.

**Photograph 2 Barbecue Area at the
Baseline Conservation Camp**



The cost to construct this barbecue area totaled more than \$1,745, excluding labor costs. The inmates at the conservation camp provided the labor at no cost to the State. The employee purchased the barbecue pit for \$100 from another camp, excluding transportation costs. Also, the camp purchased \$1,648 worth of various supplies from a local hardware store for the construction. The purchased supplies included lumber, caulking material, screws, and shingles.

The employee stated that the barbecue is used to provide meals to fire fighters for incidents in Tuolumne County. Also, the employee stated that the camp's indoor kitchen has inadequate air conditioning so that cooking for large numbers of persons is difficult on hot days. However, we believe the camp could have found a less expensive solution.

Allegation on Improper Purchasing Procedures: In fiscal year 1992-93, the camp purchased approximately \$11,000 worth of merchandise from a local hardware store. However, we found that the camp has inadequate accounting and administrative controls over its

purchasing procedures. For example, camp employees submitted improperly completed subpurchase/contract/delegation orders (subpurchase orders) to this local hardware store. Specifically, the camp employees submitted at least eight blank subpurchase orders that listed neither the items to be purchased nor the quantity needed. Further, for at least seven of the subpurchase orders submitted to the vendor, the employees had signed certifying that they had received the merchandise before they received it. When the camp's employees purchased merchandise, the store recorded the purchases on the store's invoice. After a period of time, usually several days, the employees obtained the invoice from the store. Then, the employees completed the merchandise section of the subpurchase order, using the invoice as a guide. Since the employees used the store's invoices, the subpurchase orders matched the invoice exactly.

In addition, employees submitted the subpurchase orders to the vendor without first obtaining proper authorization. Instead, the camp's office technician authorized the purchases after the camp's employees purchased the merchandise. Moreover, although the office technician signed the authorization section of the subpurchase orders, her signature was merely a proxy for the signature of her superior. The office technician did not have the authority to make purchases without the permission of her superior. Her superior should have signed the authorization section of the subpurchase order before the camp employees submitted them to the vendor. Finally, the office technician should not have signature authority for subpurchase orders since she also processes the invoices for payment. Having one person perform both tasks represents an inadequate separation of duties at the camp.

The California Government Code, Sections 13402 and 13403, require state offices to ensure that a satisfactory system of internal accounting and administrative controls is in place to provide effective accounting controls over assets, liabilities, revenues, and expenditures. Further, good accounting and administrative controls require that subpurchase orders be completed properly. For example, a properly completed subpurchase order should specify what is to be purchased and the quantity of each item. In addition, subpurchase orders should have a signature authorizing the purchase of merchandise before submission to the vendor. Also, employees should only sign the certification of receipt of merchandise after receiving the merchandise, not before submitting the subpurchase order to the vendor. Failure to properly complete subpurchase orders can result in errors, irregularities, or illegal acts that may go undetected for extended periods of time.

Conclusion

An employee of the Department of Forestry and Fire Protection's Baseline Conservation Camp wasted \$4,789 in state funds for unnecessary trips to other conservation camps. Also, this employee authorized the construction of a barbecue area for the conservation camp at an excessive cost. Finally, the employee's camp has inadequate accounting and administrative controls over its purchasing procedures. Failure to adequately control purchases can result in errors, irregularities, or illegal acts that may go undetected for extended periods of time.

Agency Response

In its first 30-day response to our investigation, the department stated that it had not yet completed its corrective action. We will report the department's actions in our next summary of public reports of investigations.

**Judicial Council
of California,
Allegation
I930114**

The Judicial Council (council) allegedly made extravagant purchases of three cellular telephones.

Results of Investigation

We substantiated the allegation. We found that the purchase of three cellular telephones (Motorola Ultra Lite, DPC 1200) at \$1,940 each for the council's Sacramento office was extravagant. Specifically, we found other cellular telephones at lower costs that met the council's needs. Also, because we found that one of the three telephones was used only four times in three months, we question the necessity of purchasing this telephone at all. Further, we noted that personal calls represented 15 percent of the time spent on calls in the Sacramento area for another of the telephones.

Background: In July 1993, an official of the council authorized payment for three cellular telephones for \$1,940 each. The total cost of the three telephones was \$5,820, consisting of \$5,385 for the telephones, \$415 for sales tax, and \$20 for overnight delivery charges. The price for each included the cellular telephone, one slim battery with a life of 65 minutes, one standard battery with a life of 165 minutes, a desktop 60 minute charger, a travel battery saver, and a leather carrying case. These cellular telephones have a vibrating silent ring feature.

The council justified its purchase of the telephones based on the needs of its legislative advocates in the Sacramento office. The council's criteria for the cellular telephones were that they be small enough to be carried in a suit pocket, have long battery life, and have a silent ring feature for incoming calls. The silent ring feature was especially important to the council so the advocates could receive cellular telephone calls during legislative hearings or other meetings.

To determine if the purchase price of \$1,940 for cellular telephones was extravagant, we reviewed the invoices and description of the telephones purchased. We also reviewed the council's justification for purchasing these telephones. We contacted several vendors that sell cellular telephones. Furthermore, we reviewed purchase orders from other state agencies to determine the prices they paid for their cellular telephones and the types of telephones purchased. Finally, we reviewed the monthly cellular telephone charges for operating the three cellular telephones.

Cost of Cellular Telephones: We believe the council's purchase of the cellular telephones was extravagant. To determine whether less expensive options were available to the council, we contacted two retail stores that sell cellular telephones. The first store (Greatwestern Communications, 2189 Market Street, San Francisco) stated that a cellular telephone similar to the council's telephone was available for \$1,000, excluding sales tax, in June 1993. This comparable telephone was the same brand as the telephones purchased by the council and, among other similar features, had a vibrating silent ring. In the past, the council used this retail store to purchase other cellular telephones for its staff.

Another retail store (Pactel Cellular, 2230 Arden Way, Sacramento) stated that there are numerous cellular telephones on the market that meet the council's criteria for purchase, including a silent ring feature. For example, this store quoted a price of \$1,013, excluding sales tax, for a cellular telephone (Fujitsu PCX Deluxe, F80P-172) similar to the council's telephones that was available in June 1993. The \$1,013 telephone has a display on the telephone to indicate incoming telephone calls silently, an ultra-light battery with a life of 50 minutes, extra battery with a life of 100 minutes, and a desktop charger. Based on the council's criteria, this substantially lower priced telephone would meet its needs. The following table compares the features of the cellular telephone purchased by the council to the lower-priced telephone offered.

Table 1 Comparison of Cellular Telephones Purchased by the Council to Other Cellular Telephones Available at a Lower Price

Telephone Features	Council's Cellular Telephones	Retail Store's Cellular Telephones
Silent Mode	Vibrating	Display
Weight w/ultra-light battery (ounces)	5.9	7.4
Talk Time w/ultra-light battery (minutes)	65	50
Extra Battery Life (minutes)	165	100
Battery Charge (minutes)	70	90
Size w/ultra-light battery (Cubic inches)	11.6	8.5
Price	\$1,795	\$1,013

In addition, other state departments have purchased cellular telephones at a price lower than the council paid. The telephones purchased by the other state departments included the cellular telephone, a cigarette

lighter adapter, a charger, and an additional battery. The departments paid from \$532 to \$839, substantially less than the \$1,795, excluding sales taxes, paid by the council. The following table compares the price paid by the council to the prices paid by the other departments for cellular telephones.

Table 2 Comparison of Prices Paid by the Council to Prices Paid by Other State Departments

State Department	Date of Purchase	Prices Paid for Cellular Telephones, Excluding Sales Tax
Department of Insurance	June 1992	\$532
California Youth Authority	June 1992	558
State Lands Commission	June 1992	734
Department of Fish and Game	June 1992	839
Judicial Council of California	July 1993	1,795

In addition to comparing costs of cellular telephones, we reviewed the monthly cellular telephone bills for the three telephones from July through September 1993. Although the council paid \$1,940 for a cellular telephone with expensive features, one legislative advocate used his telephone to make only four calls, totaling five minutes, in three months. Consequently, we question the necessity of purchasing this telephone at all. In addition, another legislative advocate used his telephone for personal telephone calls. His personal calls represented 15 percent of time spent on calls made from the Sacramento area and 6 percent of time spent on calls made from outside the Sacramento area. (The employee reimbursed the council for the personal calls.)

Furthermore, the council stated that the silent ring feature was especially important to the advocates so they could receive cellular telephone calls during legislative hearings or other meetings. However, we found that one legislative advocate did not receive any incoming calls during the three months reviewed. In addition, we found that, of the 644 calls charged to these phones over the three months, only 42 (6 percent) were incoming calls.

Conclusion

The Judicial Council of California unnecessarily purchased extravagant cellular telephones. Specifically, the council could have purchased cellular telephones that met its needs at a substantially lower cost.

Agency Response

Although the Judicial Council of California believes that the cellular telephones it purchased are necessary to its operations, it is reviewing its purchasing procedures to ensure that it obtains bids on the most nearly comparable products and that it does a cost-benefit analysis before finally authorizing purchases.

**Department of
Corrections,
Allegation
I930143**

An employee of the Department of Corrections' Correctional Training Facility in Soledad allegedly falsified his time sheets and received sick leave pay while working at another job for a nonstate employer.

Results of Investigation

The investigative services unit of the Correctional Training Facility conducted an investigation of this alleged misconduct and substantiated the allegation. Specifically, on or about April 3, 1992, a supervising registered nurse at the Correctional Training Facility provided a physician's note stating that he would not be able to work for the next 90 days because of medical reasons. On April 20, 1992, the employee accepted employment as an Assistant Head Nurse with the Santa Clara Valley Medical Center. He subsequently resigned from the Assistant Head Nurse position on or about May 8, 1992. However, during this same period, he claimed sick leave on his time sheets and received pay from the Correctional Training Facility for 15 working days from April 20, 1992, to May 8, 1992.

Agency Response

The Department of Corrections reduced the employee's salary by one step for 18 months.

**Department of
Alcohol and Drug
Programs,
Allegation
I930100**

It was alleged that an employee of the Department of Alcohol and Drug Programs improperly claimed pay for time spent traveling to military duty.

Results of Investigation

The Director of the Department of Alcohol and Drug Programs conducted an investigation of the alleged misconduct and substantiated the allegation. Specifically, in January 1993, an analyst in the department improperly claimed compensation for time he spent traveling to military duty. He was not entitled to receive compensation for time spent traveling because he was on nonindustrial disability leave.

Agency Response

The department was able to prevent the unentitled compensation from being issued to the employee.

**Department of
Developmental
Services,
Allegation
I930092**

An employee of the Department of Developmental Services (department) allegedly used state telephones and time to make personal, long-distance calls. In addition, it was alleged that her husband and daughter also used her state telephone to make personal calls.

Results of Investigation

We substantiated the complaints. To verify the accuracy of the allegations, we interviewed the employee and other employees at the department. We also reviewed records of calls made from her state telephone during June, July, and August 1993. We found that during those three months, a total of more than 3 hours and 50 minutes of personal, long-distance calls to numbers within California had been placed from and charged to the employee's state telephone. These calls were to places such as her home, her husband's place of business, her former home, and other places in California. In addition, she also made personal, long-distance calls out of state. The employee admitted she made the personal, long-distance calls. However, she stated that she was not aware that it was against the State's policy to make personal, long-distance calls.

Besides these personal, long-distance calls, we found that a significant number of calls were made to an automated information telephone line operated by The Sacramento Bee. This line provides information on a variety of subjects, including the weather, sports, and entertainment. Specifically, for the month of June 1993 alone, more than 2 hours and 30 minutes of telephone calls were made from the employee's state telephone number to this automated information telephone line. The employee claimed she was not aware that such a significant amount of telephone calls were made to the number. Further, approximately one hour of personal telephone calls were placed to a local business during the period we reviewed. Finally, the employee confirmed that her spouse and daughter used the state telephone to make personal calls during work hours.

Conclusion

An employee of the Department of Developmental Services used a state telephone and state time to make an excessive amount of personal, long-distance and local calls. In addition, she allowed her husband and daughter to use her state telephone to make personal calls.

Agency Response

The department counseled the employee, gave her a formal reprimand, and recovered \$113 from her for her personal, long-distance calls.

**Department of
Motor Vehicles,
Allegation
I92030**

A manager in one of the local offices of the Department of Motor Vehicles allegedly used a state telephone for personal, long-distance calls.

Results of Investigation

A regional manager of the Department of Motor Vehicles conducted an investigation of the alleged misconduct by the manager and substantiated the allegation. Specifically, the manager made personal toll calls that cost the State \$147.

Agency Response

The Department of Motor Vehicles gave the manager an informal reprimand and required her to reimburse the State \$147 for the toll charges.

**Department of
Corrections,
Allegation
I930023**

A Department of Correction's employee allegedly used state time and telephones for personal gain.

Results of Investigation

We received information indicating that an employee of the Department of Corrections used state time and telephones for her private massage business. To verify the accuracy of the information, we contacted the employee on her state telephone to arrange for a massage, using an undercover investigator.

We found that the employee did use state time and telephones to conduct her business. On four separate occasions, the employee used state time and telephones to discuss her massage business, including conversations on the types of massages available and the cost of the massages, and to schedule an appointment for a massage. The conversations occurred during the employee's normal business hours.

Agency Response

In its first 30-day response, the department stated that it had not yet completed its corrective action.

**Department of
Consumer
Affairs,
Allegation
I930177**

An employee of the Department of Consumer Affairs allegedly used a state telephone for personal profit.

Results of Investigation

The chief of the Division of Administrative Services at the Department of Consumer Affairs conducted an investigation of the alleged misconduct on the part of the employee and substantiated the allegation. Specifically, the employee wrote her state telephone number on brochures advertising Mary Kay products. According to the investigator, the employee put her state telephone number on only a few brochures and stopped when another worker in the same building told her that it was wrong to do so. In addition, the employee provided evidence that she no longer writes the state telephone number on Mary Kay brochures. Moreover, in the few instances when the employee wrote the state telephone number on brochures, the employee indicated the times 11:00 a.m. to noon--the employee's lunch hour--as the hours she could be reached.

Agency Response

The Department of Consumer Affairs verbally admonished the employee.

**Franchise Tax
Board,
Allegation
I930057**

An employee of the Franchise Tax Board allegedly used state time and telephones for her personal business.

Results of Investigation

The executive officer of the Franchise Tax Board conducted an investigation of the employee's alleged misconduct and partially substantiated the allegation. Specifically, the employee in question used a state telephone to make calls related to her business as an Amway representative. However, most of the calls were to retrieve messages from her business voice mail. In addition, although the employee admitted that she discusses Amway on a casual basis with coworkers, the executive officer concluded, based on an interview with the employee's supervisor, that the employee does not conduct Amway business on state time.

Agency Response

The Franchise Tax Board conducted a corrective interview with the employee.

**Department of
Motor Vehicles,
Allegation
I930137**

An employee of the Department of Motor Vehicles allegedly used a state telephone for personal profit.

Results of Investigation

We conducted an investigation and substantiated the allegation that the employee used a state telephone for personal business. Specifically, an associate management auditor used his state telephone number in an advertisement listing the rental of a house. This advertisement appeared in The Sacramento Bee from June 5 through June 15, 1993. We confirmed that the state telephone that was used in the advertisement was assigned to the employee.

Agency Response

The Department of Motor Vehicles counseled the employee and gave him an informal letter of reprimand.

**Department of
Health Services,
Allegation
I930112**

A regional manager of the Department of Health Services' Division of Communicable Disease Control allegedly allowed her nine-year-old son to answer a state telephone.

Results of Investigation

The chief of the Division of Communicable Disease Control conducted an investigation of the alleged misconduct on the part of the employee and substantiated the allegation that she had, on four occasions, taken her nine-year-old son to work with her at the area office and permitted him to answer the office telephone.

Agency Response

The employee's supervisor verbally counseled the employee and wrote a memorandum to her that reiterated program policy that family members and friends must not have access to the office's clerical area and should not be allowed to answer the office telephones.

**Department of
Transportation,
Allegation
I930106**

An employee of the Department of Transportation allegedly used a state vehicle for personal use.

Results of Investigation

The director of the Department of Transportation conducted an investigation of the alleged misconduct on the part of the employee and substantiated the allegation. Specifically, the employee admitted that, while driving a state vehicle, he stopped at a market on his way home to purchase beer as a gift of appreciation for his brother, who had done some repair work on the employee's home.

Agency Response

The Department of Transportation conducted a corrective interview with the employee and placed a Letter of Warning in the employee's personnel file.

**Department of
Motor Vehicles,
Allegation
I930171**

Employees at a Department of Motor Vehicles (department) field office were allegedly using state vehicles for personal use. In addition, it was alleged that, although several state vehicles were at one time necessary to conduct the State's business at this field office, much of the business is now conducted over the telephone. As a result, fewer vehicles are now needed at the field office.

Results of Investigation

The director of the Department of Motor Vehicles conducted an investigation of the alleged misuse of state vehicles and substantiated the complaint. Specifically, the department concluded that four of the state vehicles assigned to the field office were no longer necessary. In addition, the department concluded that one employee improperly used a state vehicle to commute to and from work for several months.

Agency Response

The department has reassigned four of the state vehicles to other locations. In addition, the department intends to take appropriate adverse action against its employee, including recovering \$326.88 in vehicle operating expenses.

**Employment
Development
Department,
Allegation
I930046**

An employee of the Employment Development Department allegedly abused state time by reading newspapers, taking long breaks, and painting a mural on his office wall.

Results of Investigation

The director of the Employment Development Department conducted an investigation of the alleged time abuse and substantiated the complaint. Specifically, the employee admitted that he reads newspapers in the morning and that he spent approximately one hour painting portions of a mural while on duty. In addition, other employees substantiated that the individual took long breaks.

Agency Response

In an Instructional Memorandum to the employee, the Employment Development Department formally admonished him not to read newspapers for extended periods, not to take long breaks, and not to do personal business while at work.

**Department of
Consumer
Affairs,
Allegation
I930039**

Employees in the Department of Consumer Affairs allegedly abused state time by moving their vehicles approximately every two hours during the work day.

Results of Investigation

The chief of staff of the Department of Consumer Affairs conducted an investigation of the alleged misconduct on the part of department employees and substantiated the allegation. Employees sometimes moved their vehicles periodically because parking costs per hour at city parking lots increase after an initial two or three hours. Complainants identified three of many employees whom they observed moving vehicles during state time.

Agency Response

The Department of Consumer Affairs issued a management policy regarding time and attendance reporting and monitoring. This policy, which cites a rule of the Department of Personnel Administration, specifies that employees must not take breaks that exceed 15 minutes during any four-hour period or a total of 25 minutes during a work day. The policy emphasizes the need for accurate time reporting and rest period administration. In addition, the department counseled each of the three employees who were specifically identified.

**Department of
Transportation,
Allegation
I930001**

It was alleged that one of the Department of Transportation's maintenance yards improperly disposed of confidential material.

Results of Investigation

The Department of Transportation's Audits and Security Division conducted an investigation of the alleged misconduct and substantiated that, at least on one occasion, a manager in a maintenance yard improperly disposed of confidential documents by placing them in the trash.

Agency Response

In its first 30-day response to our investigation, the department stated that it had not yet completed its corrective action.

We conducted these investigations under the authority vested in the State Auditor by Section 8547 of the California Government Code and in compliance with applicable investigative and auditing standards. We limited our review to those areas specified in the scope sections of this report.

Respectfully submitted,

A handwritten signature in cursive script, reading "Kurt R. Sjoberg". The signature is written in black ink and is positioned above the printed name and title.

KURT R. SJOBERG
State Auditor

Date: February 2, 1994

Staff: Ann K. Campbell, Manager of Investigations
Stephen Cho
Mavis L. Yee
Christopher Ryan

INDEX TO REPORTS OF INVESTIGATION

Department	Allegation Number	Allegation	Page
Alcohol and Drug Programs, Department of	I930100	Improperly claimed pay to which employee was not entitled.	21
Consumer Affairs, Department of	I930039	Misuse of state time.	43
Consumer Affairs, Department of	I930177	Misuse of state telephone for personal profit.	29
Corrections, Department of	I930023	Misuse of state telephone and time for personal profit.	27
Corrections, Department of	I930143	Falsified time sheets.	19
Developmental Services, Department of	I930092	Misuse of state telephone.	23
Employment Development Department	I930046	Misuse of state time.	41
Forestry and Fire Protection, Department of	I930061	Wasteful spending and improper purchasing practices.	7
Franchise Tax Board	I930057	Misuse of state telephone for personal profit.	31
Health Services, Department of	I930112	Misuse of state telephone.	35
Judicial Council of California	I930114	Extravagant purchases.	15
Motor Vehicles, Department of	I92030	Misuse of state telephone.	25
Motor Vehicles, Department of	I930137	Misuse of state telephone for personal profit.	33
Motor Vehicles, Department of	I930171	Misuse of state vehicles.	39
Transportation, Department of	I930001	Improper disposal of confidential materials.	45

Department	Allegation Number	Allegation	Page
Transportation, Department of	I930106	Misuse of state vehicle.	37

cc: Members of the Legislature
 Office of the Lieutenant Governor
 State Controller
 Legislative Analyst
 Assembly Office of Research
 Senate Office of Research
 Assembly Majority/Minority Consultants
 Senate Majority/Minority Consultants
 Capitol Press Corps